



Regione Lombardia

Lombardy Region's agriculture Minister

Mr Giulio De Capitani's speech

OPERA Roundtable on CAP reform

How much greening makes the CAP green?

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Good morning Ladies and Gentlemen,

I would like to thank OPERA and MEP Giovanni La Via and Carlo Fidanza for giving the Lombardy Region an opportunity to be part of this roundtable. I am also grateful to our office in Brussels for its help.

We all know that last October 12 were published legislative proposals on the CAP toward 2020, while on October 5 were defined those relating to the cohesion policy.

The complexity and size of the documents do not allow an immediate understanding of all aspects covered by the reform yet, and certainly in the coming months quite an effort will be needed in order to understand which general and specific amendments will be the most suitable for better shaping the CAP towards 2020.

Despite the fact that the strategic plan draft proposed by the Commission has been shared by the institutions and by the economic and social partners, in particular with regard to the restatement of the first mission of agriculture for food production, the shift toward an operational setting has cast several doubts.

The Commission has made clear many issues, both on the 1st and 2nd pillar, for instance:

- the gradual redistribution, that will partly reduce the dramatic impact of the reform;
- the simplification of the conditionality and of the payments for small farmers;
- the suppression, in the rural development, of the rural development axis;
- the emphasis on innovation, on research, on cooperation and on specific targets.

However, other issues remain open, and have to be addressed if the CAP is to be shared by all farmers and understood by the EU's public opinion. For instance:

- the method of calculation of the ceilings, the single criterion of the eligible area as a basis for the allocation and redistribution, that doesn't consider other parameters that better matched clearly declined goals;
- furthermore, a stronger support to the settlement of young farmers, to typical and high quality products, also including closer links with the milk package and the

quality package. Finally, a more confident and effective strategy for communication aimed at all citizens.

Now, with regard to the specific issue of this round table, namely the sustainability of the CAP, the Lombardy Region invites you to think of the following.

Lombardy is one of the most important food and agricultural regions of Europe by value added, with quality products, recognized on international markets, capital-intensive, specialized, for example, in animal husbandry and production of rice, but also with a robust food sector. One area that, despite the ongoing unprecedented global and national crisis, has been able to maintain export shares in contrast with many other economic sectors, but whose competitiveness is still threatened by increasingly aggressive local and international settings.

Lombardy is a high density population (about 10,000,000 inhabitants) region including intensely urbanized areas, growing in a disorderly manner mainly at the expense of agricultural land, which is often reduced, dismantled to make way for urban development that is not always able to generate wealth, as evidenced by the many unsold new buildings.

Our region is highly characterized by the environmental pressure exerted by the economic competition for the use of energy, resources and territory. In this scenario agriculture is the unique resource that can provide environmental, geological, climate and energy balance and the ultimate source for quality of life and attractiveness of the territories. However, our agriculture, unless it is soundly managed, generates imbalances, such as nitrates, atmospheric emissions, the use of plant protection products.

Our agricultural system, which manages one of the most fertile soils of the world, gives way under the competitive pressure of the stronger sectors of the economy, which are able to impose much more profitable alternatives. Agricultural systems, like ours, are facing much more sophisticated and expensive climatic and environmental challenges, as part of a European and international competition. However, these systems also are called to commit themselves on the front of food security and to provide quality of life for a significant portion of taxpayers. Therefore, they are worthy of being the object of targeted policies.

I want to be clear and explicit with respect to greening. Does it cost more to the farmer an environmental standard, perceived by the people, on one yard of pasture at high altitude, used for a few weeks a year by a stray sheep, or the same standard on one yard of orchards or vineyards? Let us ask that, and so we can judge how fair are the greening measures equally applicable to agricultural activity located at 3,000 meters above sea level and to those at sea level, from Portugal to Lithuania.

From the first simulations that we are developing, we estimate that Greening is not actually applicable on 27% of the usable agricultural land (225,000 ha) and on almost one third of the farms, in Lombardy. This phenomenon would focus mainly on the plain, in turn, affected by the most important reduction of the payments per yard under the revised CAP.

We are evaluating whether this methodology does not imply average sustainability charges heavier for farmers than the acknowledged allowances that they would perceive.

Given that: 30% of the 1st pillar of the CAP direct payments are for the greening, and its application is mandatory and if not complied the aid is further reduced; this mechanism imposes a specific business organization; we wonder whether this greening, and perhaps this CAP, will still be convenient for the most important and competitive European farms.

In case the non-compliance on behalf of the farmers results in a net loss of resources for the Member State, without the possibility, for instance, of transferring an unspent amount to the second pillar, we would have to face a paradoxical and certainly very negative outcome of the CAP.

I would also add that, since the stronger curtailment of the base component of the direct payments will impact on the same areas of the plains and on the same highly specialized sectors, a high proportion of farmers and surfaces is likely not only not to be covered by the greening, but not even by the traditional cross-compliance, thus resulting in a worsening of the current environmental, energetic and territorial pressure. As a result, we would find ourselves with less convinced and motivated farmers, with companies in a worsening economic marginality condition, with a slump of the public benefits.

Are we sure that is what we want?

As a regional minister, I shall ask to ten million citizens of Lombardy to give support, through a very heavy tax burden, to an agricultural policy (which we shared to be sustainable, inclusive and smart) that could bring an imperceptible added value to the environment of a territory already seriously compromised, and who renounces to invest in local agricultural systems that produce the everyday food compelling them to import food that is definitely not 'zero-mile' and certainly less sustainable for the environment and global climatic change.

Ultimately, a greening still not sufficiently inclusive of all public goods produced by agriculture, which is not addressed to all taxpayers and all citizens, not balanced with respect to its direct and indirect costs, and not so useful for food security or for a competitive and sustainable growth, also known as 'Europe 2020'.

The time is coming for our concrete proposals, which I bring to your assessment. They are seven in all.

FIRST PROPOSAL. The possibility to transfer resources from unused greening by Pillar 1 to rural development, with the constraint of using them for the same purposes and for the same areas. Investments and actions of the RDP (regional development program) useful for the development of the primary sector towards market and the productivity, should no longer be split from the effects that are positive on the agri-environmental area also.

SECOND PROPOSAL The ability to define the active farmer who produces agricultural income. The current proposal is not so selective and involves parameters that are complicated and expensive to implement. Two proposals in order of priority:

- a) Allow the Member State to make it applicable using systems already in place. For example, in Italy the restriction could be automatically achieved, and at no cost,

using the parameters present in the file system holding the companies' information (eg registration to the Chamber of Commerce, or VAT, registration to Social Security, or age thresholds);

- b) In case you want to keep the definition proposed by the Regulation, based on the percentage of farm income compared to the total, the income could be:
 - a. Either deleting the exemption of € 5,000 (in order to exclude situations definitely marginal and irrelevant to the objectives proposed by CAP)
 - b. Or raising to 10% the percentage of the farm income in the total income
 - c. and then considering that the application is expensive in Member States like Italy, where farms are not required to submit a budget, with significant additional burden for both farmers and the Public Administration.

THIRD PROPOSAL reduction to 25% of the ceiling of direct payments of the greening component and an allocation of corresponding resources to the second pillar, much better adaptable to the needs, also environmental of course, of the local farming systems, particularly in case the proposal of a greening for all or of the transfer of resources to rural development is not envisaged.

FOURTH PROPOSAL An ecological component that considers all agricultural situations. The solutions can be:

A. Greater flexibility and territorial adaptability of the greening requirements to allow for a better and more effective application to the different European agricultural systems. You might think about a compensation system between farms of an area (even homogeneous) in order to transfer greening titled from a farm in excess to one that lacks. This would ensure agricultural sustainability in terms of territory without conflict with situations where business decisions are more rigid.

B. Reducing to 5% the impact of environmental set-aside by ensuring that they can re-enter the rural landscape features such as terraces or buffer strips that should not be disposed of in the cross-compliance, as well as a crop subjected to a list of sustainable management practices, as defined by the Member States, equivalent to the environmental or ecological set-aside in terms of added value and inclusive of further diversification and additional types of farm management such as:

- organic fertilization with adequate carbon / nitrogen ratio to maintain soil organic matter and increase the stock of carbon stored;
- minimum tillage or no-tillage;
- certification of the sprayers, in order to ensure proper use of herbicides and plant protection products;
- reduction in the consumption and smart use of fertilizers, plant protection products and fuels;

C. As part of the arable crop diversification business, raise the exemption to 5 hectares and consider set aside ecologically areas like the third crop. At the same environmental effectiveness, through this proposal, it reduces the negative economic impact of greening.

PROPOSAL FIVE - RURAL DEVELOPMENT Allowing diversification and multifunctional agriculture even in peri-urban areas. The ban introduced in the current programming period has seriously discriminated against farmers, often young or women, who could not use the Community contribution to support innovative and effective projects.

SIXTH PROPOSAL - RURAL DEVELOPMENT Productivity needs to be introduced as a goal for the measures that address the forest products, as well as for agricultural production.

SEVENTH PROPOSAL - RURAL DEVELOPMENT Measures should be introduced to struggle against and eradicate quarantine pests that can devastate entire rural areas, and that cannot be addressed by initiatives taken by the individual agricultural enterprises, but through the Plant Protection Service of a Member State.